

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON APPROPRIATIONS**

**Call to Order:** By **VICE CHAIRMAN EDITH CLARK**, on February 17, 2003 at 3:30 P.M., in Room 102 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Dave Lewis, Chairman (R)  
Rep. Rosalie (Rosie) Buzzas, Vice Chairman (D)  
Rep. Edith Clark, Vice Chairman (R)  
Rep. John Brueggeman (R)  
Rep. Tim Callahan (D)  
Rep. Stanley (Stan) Fisher (R)  
Rep. Eve Franklin (D)  
Rep. Dick Haines (R)  
Rep. Donald L. Hedges (R)  
Rep. Joey Jayne (D)  
Rep. Carol C. Juneau (D)  
Rep. Dave Kasten (R)  
Rep. Christine Kaufmann (D)  
Rep. Monica Lindeen (D)  
Rep. John Musgrove (D)  
Rep. Rick Ripley (R)  
Rep. John Sinrud (R)  
Rep. John Witt (R)

**Members Excused:** Rep. Jeff Pattison (R)

**Members Absent:** None.

**Staff Present:** Jon Moe, Legislative Branch  
Mary Lou Schmitz, Committee Secretary

**Please Note.** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing & Date Posted: HB 554, HB 589, 2/11/2003  
Executive Action: HB 491, HB 547, HB 567

**HEARING ON HB 554**

**Sponsor:** REP. DAVE KASTEN, HD 99, Brockway

**Opening Statement by Sponsor:**

**REP. KASTEN** said this is a committee bill from Long Range Planning. The bill will temporarily remove priorities for oil and gas in abandoned mine projects. The bill will remove the statutory priority for the Reclamation and Development Grants Program (RDGP) given to the Montana Board of Oil and Gas Conservation of \$600,000 each biennium and for the Abandoned Mine Reclamation, \$800,000 each biennium, for the 2005 biennium only. The Reclamation Grant Program will experience a 20% reduction in granting ability resulting from actions taken during the special session in August. The RDGP funds from the interest earnings of Resource Indemnity Trust (RIT) were reduced from \$1.5 million per year to \$1.2 million. This bill provides the Department of Natural Resources and Conservation more flexibility during this period of reduced funding. As a result of removing the statutory prioritization, fewer state agency projects will be funded and more community projects will be funded through the Reclamation and Development Grant Program.

**Proponents' Testimony:**

**John Tubbs, Department of Natural Resources and Conservation,** explained Exhibit 1.

**EXHIBIT** (aph35a01)

**Opponents' Testimony:**

**Gail Abercrombie, Executive Director, Montana Petroleum Association,** said her association objects to removing the priority grants for plugging and abandoning wells. The tax that is used to accomplish these grants is 0.5 % on oil and gas production and as they are accused of not reclaiming lands where the land is abandoned. This particular amount of money is what is used to plug those wells that are old or abandoned. It is the industry's dollars, not taxpayers' dollars, that clean these wells up.

**William Duffield, Assistant Director, Montana Association of Oil, Gas and Coal Counties,** said his association stands in opposition as stated in the testimony above.

**Jon Metropolous, Fidelity Exploration and Production Co.**

**Informational Testimony:**

**Tom Richmond, Administrator and Petroleum Engineer, Board of Oil and Gas Conservation,** said he would be available for questions.

**Tom Livers, Deputy Director, Department of Environmental Quality,** said his department oversees the abandoned mines portions of these projects. When they began to recognize the limitations on RIT and related funding last fall, several of the executive branch agencies got together on how to prioritize within those limited funds. The Department of Environmental Quality offered at that time, if necessary, to withdraw its three abandoned mine reclamation projects. However, in order to accomplish this, it required that the statutory threshold from abandoned mine funding be temporarily suspended. He will also be available for questions.

**Questions from Committee Members and Responses:**

**REP. FISHER** asked Mr. Tubbs if these are RIT funds. **Mr. Tubbs** said, "Yes, they are." **REP. FISHER** asked if the excess funds over the \$100 million can be used to offset what is being done here. **Mr. Tubbs** said, "In the special session, they did just that. They spent \$1 million from the fund balance for the General Fund in order to solve that problem. There is no more excess money."

**REP. FISHER** asked, "How much is this bill taking out of the surplus RIT money?" **Mr. Tubbs** said, "Because of Special Session cuts, there are no surpluses. This just allows the Long Range Planning Committee to initially re-prioritize the number of grants within HB 7 so that the money is more local. Government grants and the state priority grants have been shifted down to the bottom of the list."

In answer to a question from **REP. HEDGES**, **Mr. Livers** said they have expended all of the funds allocated to them within a reasonable period of time. They got behind on expenditures about two biennia ago and carried more money over than they should have. They have been very diligent in trying to make sure they expend the funds for the purpose intended in the biennium it was appropriated for. They have 183 orphaned wells plugged and can estimate about what each one will cost. The goal is to get that number down to zero. The less money they have the longer it takes. **REP. HEDGES** referred to the 183 wells and asked, "Is there a percentage of those that need to be plugged for environmental purposes or a number that could wait two years to be plugged?" **Mr. Livers** said they developed a priority ranking system and they only propose to plug those wells that rank the highest. One of the first priorities for plugging are wells that

leak gas, oil or water. **REP. HEDGES** asked, "What is the dollar value of plugging those wells in a hazardous position?" **Mr. Livers** said they have proposed 29 wells for plugging this biennium for \$600,000. All of those wells rank at the highest level in the system.

**REPS. BUZZAS** and **LINDEEN** asked Mr. Tubbs for further explanation of Exhibit 1.

Closing by Sponsor:

**REP. KASTEN** closed the Hearing on HB 554.

HEARING ON HB 589

Sponsor: **REP. STEVE GALLUS, HD 35, Butte**

Opening Statement by Sponsor:

**REP. GALLUS** said this bill seeks to establish the Rocky Mountain Agile Virtual Enterprise Technical Development Center. The Center will create an institution within the Montana University system to identify and act upon opportunities for collaboration between units of the university system and private organizations.

*{Tape: 1; Side: A; Approx. Time Counter: 0 - 29.2}*

Proponents' Testimony:

**Dr. Richard Donovan, Assistant Professor, Montana Tech's General Engineering Department**, introduced his Deputy Program Manager, **Gloria Carter** who passed out brochures, Exhibit 2. Dr. Donovan also showed slides explaining the brochures.

**EXHIBIT** (aph35a02)

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

In response to a question from **REP. JUNEAU** concerning the Research and Commercialization in the university system, **Dr. Donovan** said they did have an application in with the Montana Board of Research and Commercialization. Unfortunately, it was zeroed out in the special session. The Department still exists but has no funds for new projects.

**REP. HEDGES** said the military is in the process of buying eight million tract form robots to work in minefields. He asked Dr. Donovan if he has worked with the military. **Dr. Donovan** said not at present.

**{Tape: 1; Side: B; Approx. Time Counter: 0 - 29.5}**

**Closing by Sponsor:**

**REP. GALLUS** closed the Hearing on HB 589.

**EXECUTIVE ACTION ON HB 491**

**Motion:** **REP. HEDGES** moved that HB 491 DO PASS.

**Discussion:**

**REP. HEDGES** said this bill places into statute the authorization to use funding for the Natural Resources Information System (NRIS) and Library system. It changes the criteria required from infrastructure to a support type system and then would allow it to be funded without going to criteria as other projects do.

**Motion:** **REP. LEWIS** moved that HB 491 BE AMENDED, HB049101.ajm.  
**EXHIBIT** (aph35a03)

**Discussion:**

**REP. KASTEN** spoke against the amendment and the bill.

**REP. HEDGES** spoke in favor of the amendment.

**REP. WITT** also spoke against the amendment and the bill.

**Vote:** Motion on amendment HB049101.ajm failed 6-13 with REPS. LEWIS, BRUEGGEMAN, CALLAHAN, FISHER, HAINES and HEDGES voting yes on a roll call vote.

**Discussion:**

**REPS. KAUFMANN, HEDGES, LINDEEN, KASTEN, HAINES, and SINRUD** asked for further explanation. **CHAIRMAN LEWIS** explained the other money for NRIS. In this bill, with the failure of the amendment, there is no specific money. It simply says they have to go for a grant. At this point it is questionable they get the grant according to the fiscal note.

Motion: REP. BUZZAS moved that HB 491 BE AMENDED, conceptually.

Substitute Motion/Vote: REP. WITT made a substitute motion that HB 491 BE TABLED. Substitute motion carried 12-7 with REPS. LEWIS, BUZZAS, CALLAHAN, FRANKLIN, HAINES, HEDGES, and JAYNE voting no on a roll call vote.

*{Tape: 2; Side: A; Approx. Time Counter: 0 - 29.5}*

EXECUTIVE ACTION ON HB 547

Motion: REP. WITT moved that HB 567 DO PASS.

Substitute Motion/Vote: REP. BUZZAS made a substitute motion that HB 547 BE TABLED. Substitute motion carried 13-6 with REPS. LEWIS, FISHER, KASTEN, PATTISON, SINRUD and WITT voting no on a roll call vote.

EXECUTIVE ACTION ON HB 567

Motion: REP. CLARK moved that HB 567 DO PASS.

Substitute Motion/Vote: REP. SINRUD made a substitute motion that HB 567 BE TABLED. Substitute motion carried 10-9 with REPS. CLARK, BUZZAS, CALLAHAN, FRANKLIN, JAYNE, JUNEAU, KAUFMANN, LINDEEN, and MUSGROVE voting no on a roll call vote.

The meeting was adjourned by CHAIRMAN LEWIS.

**ADJOURNMENT**

Adjournment: 5:00 P.M.

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REP. DAVE LEWIS, Chairman

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MARY LOU SCHMITZ, Secretary

DL/MS

**EXHIBIT** (aph35aad)